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Kentucky retroactively adopts the Military Family Tax Relief Act of 2003

FRANKFORT, Ky.— Thousands of eligible Kentucky taxpayers may now take advantage of the provisions of the Military Family Tax Relief Act (MFTRA) of 2003. HB 272, passed by the 2005 General Assembly, retroactively adopted the provisions of the MFTRA effective on the dates specified in that act.

Taxpayers who may be affected include employees and members of the armed forces, National Guard and Reserve members and their families. Kentucky National Guard and Reserve members who deducted expenses as a miscellaneous deduction on Schedule A for 2003 or 2004 may benefit by filing an amended return.

The following federal provisions now apply to Kentucky:

- The excludable amount of military death benefits is increased from \$3,000 to \$12,000 (effective with respect to deaths occurring after Sept. 11, 2001);
- An above-the-line deduction for overnight transportation, meals and lodging expenses of National Guard and Reserve members who must travel away from home more than 100 miles and who must stay overnight to attend National Guard and Reserve meetings (effective with respect to amounts paid or incurred in taxable years beginning after 2002);
- Treatment of service academy appointments as scholarships for purposes of qualified tuition programs and Coverdell Education Savings Accounts;
- An exclusion for amounts received by certain employees and members of the armed forces under the federal Department of Defense Homeowners Assistance Program, which is designed to offset the adverse effects on housing values that result from a military base realignment or foreclosure (effective for payments made after Nov. 11, 2003); and
- The five-year test period for ownership and use of a residence to be suspended for up to 10 years in excluding gain from the sale or exchange of a principle residence, if during the period of the suspension the individual or the individual's spouse is serving on qualified official extended duty in the uniformed services or the Foreign Service of the United States (effective for sales or exchanges made after May 6, 1997).

Amended forms are available at some local libraries, post offices, courthouses, banks and all Kentucky Taxpayer Service Centers. Forms may also be obtained by writing FORMS, Kentucky Department of Revenue, Frankfort, Kentucky 40620, or by calling (502) 564-3658 or may be found on the department's Web site at www.revenue.ky.gov.

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